

THE SASKATCHEWAN WHEAT POOL

The Proof of the Pudding

"I believe that co-operative marketing must be more economically performed than that system which it replaces, if it is to succeed."—*Extract from letter from J. R. Howard to L. C. Brouillette, Secretary of Wheat Pool.*

Within will be found Mr. Howard's own reported figures regarding the costs of operation of certain United States Wheat Pools.

These total costs average about 12 cents per bushel.

According to the investigations of the Federal Trade Commission, as shown in its report to the United States Congress, dated September 26th, 1923, the total average costs of the old line companies, including their profits, amount to 18.89 cents per bushel.

READ THE FACTS

And then make a bee-line for the nearest Saskatchewan Wheat Pool Canvasser—he has the contracts.

J. R. HOWARD---Pool Expert

"The only Wheat Pool Movement in the United States which became a Rank Failure, was started by Mr. Howard."

There has been great rejoicing among the Interests opposing the Wheat Pool Campaign on the strength of the statements made by Mr. J. R. Howard, ex-president of the American Farm Bureau Federation, regarding the so-called failure of the American Wheat Pools, during his recent visit to Western Canada; and there is just enough truth in the figures quoted to make them **MORE MISLEADING THAN A BOLD-FACED PERVERSION OF THE FACTS.**

W. J. Brown, president of the American Wheat Growers Associated, Inc., who supplied the controverting facts used here, says: "Apparently, a studied and poisonous propaganda is being spread throughout all the wheat states concerning the alleged excessive costs of operation of the co-operative wheat growers' associations, and of the alleged average price received by the growers. This propaganda takes the exact form in which it was presented by Mr. Howard in his Winnipeg address."

Summary of Mr. Howard's "Facts"

North Dakota Pool, overhead marketing cost 1922..... 13.7 cents

Texas-Oklahoma Pool, overhead marketing cost 1922..... 16 cents

In Kansas, the Pool members were paid 86.9 cents per bushel, while private growers got 96.37 cents.

In Nebraska, growers were paid 75 cents advance. The overhead was 17 cents, and local elevator charges were 6 cents, totalling 23 cents, and the growers were asked to refund.

In Idaho, the second year, the marketing costs were 22 cents per bushel, and the Pool is now in the hands of a receiver.

Apparently, the impression Mr. Howard attempted to create was that these were actual operating costs; and, as such, were far above the costs of operating the present elevator and middle-man system. But that is not the case.

The figures given by Mr. Howard are the **TOTAL ANNUAL COST OF ALL ITEMS** of the pool, excepting freight; and, according to the findings of the Federal Trade Commission, in its report to the U.S. Congress, dated September 26th last, they are **CONSIDERABLY LESS THAN THE SIMILAR COSTS** of the old line companies which are shown to have been **18.9 cents per bushel.**

The Grain Interests are rather hard up for ammunition when they attempt to prove that the direct charges are a part of the **MARKETING COSTS**, for which only the marketing agency is responsible.

Analysis of Mr. Howard's Figures

Let us analyse the costs for the North Dakota and Texas-Oklahoma Pools.

The total cost of marketing wheat, from producer to consumer, falls into three distinct divisions:

(a) Transportation costs.

(b) Direct Charges--Which include interest and exchange, elevator handling and storage, terminal handling and storage, insurance and taxes, and, in the case of the American Pools, farm storage. These charges cannot be controlled, and must be paid or incurred by ANY AGENCY, elevators or pools, handling grain direct from the producer.

(c) Operating and Administrative Charges--These charges include administrative expenses, office up-keep, supervision and statistics, cost of maintaining central sales offices, and reserve, and are the only costs which the pool or elevator company can control at the present time.

Leaving out the transportation costs, which Mr. Howard did not mention, the analysed costs for these two pools are:

North Dakota Pool

Direct Charges (over which there is no control)....	10.8 cents
Operating Charges (controlled by pool).....	2.9 cents

Making a total cost per bushel of.... 13.7 cents

Texas-Oklahoma Pool

Direct Charges (over which there is no control)....	12.6 cents
Operating Charges (controlled by pool).....	2 cents

Making a total cost per bushel of.... 14.6 cents

--as compared with Mr. Howard's incorrect figures of 16 cents for this pool, and the 18.9 cents average for the line companies as reported by the Federal Trade Commission.

With regard to the Texas-Oklahoma pool, the total cost includes 3 cents per bushel charged for cleaning, conditioning, and mixing at the terminal, which netted back to the association 3 cents, reducing the actual cost from 14.6 cents to 11.6 cents. **Does this look like failure?**

Storage and Handling Charges

The storage and handling charges at interior elevators, both in Canada and the States, are FIXED BY LAW, and the line companies have long complained that they are too low, and below the actual cost of operation. If this is so, it is evident that THE CO-OPERATIVES ARE OPERATING MORE CHEAPLY than the elevator interests themselves with all their complete machinery and years of experience.

As has been shown above, these two pools show a **smaller total cost** than the average for the line elevator companies. And this, in spite of the fact that they started with a very small acreage, which explains why their **operating charges** will not compare favorably with the estimated similar costs for the **Alberta Pool**. These, it is estimated, will run to **little over one-half a cent a bushel**.

Of Mr. Howard's other figures, Mr. W. J. Brown points out that they are equally misleading.

The audited statement of the Kansas Pool shows that the contract signers received 90.5 cents net average for all grades as against 90 cents average paid by the line companies. Compare this record with Mr. Howard's statement, regarding which Mr. Brown says the figures were "recklessly made and not susceptible of proof," and that they were apparently compiled "by the Grain Dealers' Association of Kansas by taking average daily, weekly, or monthly peak prices of the season and comparing this alleged average with our lowest figures to the growers." The operations of the Kansas Pool forced the dealers to "buy on the shortest market ever known in this state," and, thus, **INCREASED THE PRICE TO ALL FARMERS**. This will also explain why the pool and elevator payments averaged so close.

The audited statement of the Nebraska Pool shows a gross cost of 17.14 cents. Out of this, there was a counter-credit to the farmers of 5.5 cents for farm storage and deferred interest, making a net cost to the growers covering all items for the 1922 crop of **11.5 cents per bushel**. The 6 cents given by Mr. Howard as elevator charges are stated by Mr. Brown to have been actually a credit of moneys paid back to the growers themselves. **No refunds, whatsoever, were made**, except in such cases as occur in any business as a result of over-payments because of errors in shipping advices from the growers.

There is only one comment necessary with regard to the Idaho Pool. This pool entered into contracts to purchase elevators, and the Northwest Wheat Growers Association stepped in to help them out. They are the "RECEIVERS" of Mr. Howard's statement.

Mr. Howard's Record

Mr. Howard may be excused for his difficulty in seeing any bright future for Co-operative Pooling of Wheat, if W. J. Brown, President of the American Wheat Growers, Inc., has him properly docketed. This is what he says about Mr. Howard:

"The **ONLY** Wheat Pool Movement in the United States which has failed, is the one **STARTED BY MR. HOWARD HIMSELF**, known as The United States Grain Growers, Incorporated. It was formed on the local pool plan advocated by Mr. Howard, **AND IT HAS PROVED A COMPLETE FIASCO.**"

*Figure it Out for
Yourselves!*